

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

BIG LOTS, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 24-11967 (JKS)

(Jointly Administered)

**DECLARATION OF MICHAEL SCHLONSKY, EXECUTIVE VICE PRESIDENT AND
CHIEF HUMAN RESOURCES OFFICER OF BIG LOTS, INC., IN SUPPORT OF
DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
AUTHORIZING (I) DEBTORS TO (A) HONOR PREPETITION EMPLOYEE
OBLIGATIONS AND (B) MAINTAIN EMPLOYEE BENEFITS PROGRAMS AND PAY
RELATED ADMINISTRATIVE OBLIGATIONS, (II) CURRENT AND FORMER
EMPLOYEES TO PROCEED WITH OUTSTANDING WORKERS' COMPENSATION
CLAIMS, AND (III) FINANCIAL INSTITUTIONS TO HONOR AND PROCESS
RELATED CHECKS AND TRANSFERS**

I, Michael Schlonsky, declare as follows:

1. I am an Executive Vice President and the Chief Human Resources Officer of Big Lots, Inc. (together with its direct and indirect subsidiaries, the “**Debtors**”, “**Big Lots**” or the “**Company**”). I first joined Big Lots in 1993 and have held several positions with the Company prior to my current position.

2. I submit this declaration (the “**Declaration**”) in support of the *Motion Of Debtors For Entry Of Interim And Final Orders Authorizing (I) Debtors To (A) Honor Prepetition Employee Obligations And (B) Maintain Employee Benefits Programs And Pay Related*

¹ The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective employer identification numbers, are as follows: Great Basin, LLC (6158); Big Lots, Inc. (9097); Big Lots Management, LLC (7948); Consolidated Property Holdings, LLC (0984); Broyhill LLC (7868); Big Lots Stores - PNS, LLC (5262); Big Lots Stores, LLC (6811); BLBO Tenant, LLC (0552); Big Lots Stores - CSR, LLC (6182); CSC Distribution LLC (8785); Closeout Distribution, LLC (0309); Durant DC, LLC (2033); AVDC, LLC (3400); GAFDC LLC (8673); PAFDC LLC (2377); WAFDC, LLC (6163); INFDC, LLC (2820); Big Lots eCommerce LLC (9612); and Big Lots F&S, LLC (3277). The address of the debtors' corporate headquarters is 4900 E. Dublin-Granville Road, Columbus, OH 43081.

Administrative Obligations, (II) Current And Former Employees To Proceed With Outstanding Workers' Compensation Claims, And (III) Financial Institutions To Honor And Process Related Checks And Transfers (the “**Wages Motion**”) and to provide additional facts to the Court in connection with current and potential future reductions in force. It is my belief that all Employees who are or will potentially be impacted by such reductions in force are not “insiders” as contemplated by the relevant provisions of the Bankruptcy Code, as that has been explained to me.

3. Except as otherwise indicated herein, all of the facts set forth in this Declaration are based upon my personal knowledge, my review of the relevant documents, or information provided to me by professionals advising the Company. If called upon to testify, I could and would testify to the facts set herein on that basis. I am over the age of 18 years and am authorized to submit this Declaration.

4. Big Lots operates more than 1,300 stores across 48 states in the United States, and as of the Petition Date, employed approximately 27,700 individuals (the “**Employees**”).

5. Of the Debtors more than 27,000 employees, approximately 35 hold the title of Vice President and 55 hold the title of Director. As part of upcoming reductions in force, I expect that 5 Vice Presidents and 6 Directors will be terminated. Debtors are continuing to assess their needs and subsequent reductions in force may include additional Employees with these titles.

6. As detailed in paragraphs 38 and 39 of the Wages Motion, the Debtors have certain obligations arising out of the prepetition ERISA Severance Plan to eligible terminated employees. The Debtors have not sought authority to pay, and do not intend to pay, any obligations arising under the ERISA Severance Plan. In addition, the Debtors do not intend to continue, and intend to terminate, the ERISA Severance Plan. In lieu of the ERISA Severance Plan, the Debtors, in their business judgment, have adopted a severance policy that is intended to apply only to certain

non-insider employees who are terminated post-petition and would have been eligible to receive benefits under the ERISA Severance Plan. The adopted severance policy will provide eligible severed employees with benefits that are meaningfully less favorable than the benefits such employees would have received under the ERISA Severance Plan. Only employees with the rank of Vice President, the lower rank of Director, and ranks below Director will be eligible to receive benefits under the adopted severance policy, and the aggregate dollar value of payments contemplated to be made to severed employees under the adopted severance policy will not be greater than \$2.2 million.

7. Employees holding the title Vice President and Director are not members of Debtors' executive management team.

8. Employees holding the title Director are not members of Debtors' Board of Directors. Rather, Directors are mid-level Employees, the vast majority of whom report to Vice Presidents.

9. Each Big Lots department or business segment is led by either an Executive Vice President or a Senior Vice President, who, in turn, supervises a team of Vice Presidents, Directors, and Managers. No Vice President, Director, or Employee below the rank of Director leads a Big Lots department of business segment.

10. The hiring and termination of Vice Presidents and Directors is overseen by Senior Vice Presidents and Human Resources. Vice Presidents and Directors are not appointed or terminated by the Debtors' Board of Directors.

11. Vice Presidents and Directors do not liaise with members of Debtors' Board of Directors in the ordinary course of business operations and do not participate in setting Debtors' corporate strategy.

12. Only those Employees holding the title of Senior Vice Presidents or higher, together with the Board of Directors, are responsible for setting Debtors' corporate direction and strategy.

13. Vice Presidents typically supervise a team of Directors which differs in size depending on the needs of the department. Directors, in turn, supervise a team typically composed of Managers, which also varies in size depending on the department.

14. Employees holding the title of Vice President, Director, or below do not have discretion to make any strategic decisions for the Debtors' business or operations. For example, Vice Presidents are only authorized to sign contracts and/or approve invoices valued at up to \$100,000 without direct approval from a Senior Vice President or an Executive Vice President. Directors only are authorized to approve invoices valued at up to \$10,000 without approval from a Vice President.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: September 25, 2024
Columbus, Ohio

/s/ Michael Schlonsky
Michael Schlonsky
Executive Vice President and Chief Human
Resources Officer
Big Lots, Inc.